

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: **Nicholas Frattalone**

Application No.: **10/722,730**

Examiner: **D.S. Felten**

Filed: **November 26, 2003**

Group Art Unit: **3624**

For: **Long Term Property Acquisition and Payment Method**

Attorney Docket No.: **P25,565-A USA**

FILED ELECTRONICALLY ON USPTO EFS-WEB ON 12-15-2007 BY PETER J. BUTCH III, 32,203

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Commissioner for Patents
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PRE-APPEAL BRIEF REQUEST FOR REVIEW

Sir:

Applicant requests review of the final rejection in the above-identified application. No amendments are being filed with this request. This request is being filed with a Notice of Appeal. If there are any additional charges in connection with this response, the Examiner is authorized to charge applicants' Deposit Account No. 50-1943 therefor.

Applicant's **Remarks** begin on page 2 of this paper.

REMARKS

Claims 1, 2 4-6 and 10 – 25 stand rejected under 35 U.S.C. §103(a) as being unpatentable over an SBA Communications Corporation publication and the SBA website (collectively, “SBA”) and Gross et al., U.S. Patent Application Publication No. 2003/0225665. SBA was cited as disclosing site acquisition, site development and lease negotiating services for pluralities of separately owned properties for terms of years to the wireless communications industry. While a lump sum payment as consideration was acknowledged not to be disclosed, the Examiner took official notice that this was known:

It is conventional in the art that such terms are negotiated for a property over a period of years. Therefore OFFICIAL NOTICE [(emphasis by Examiner)] is taken of the lump sum payment because SBA provides a broad array of services that are customized to the clients needs [(citation omitted)]. Thus a Lump sum payment would be an obvious extension to the leasing services provided by SBA to provided [(sic.)] greater flexibility to their customers and accommodate the needs of the wireless community. *Thus, the ability to be flexible and to customize leasing options/strategies would provide SBA a broader customer base and increase the company's growth and profitability* [(emphasis supplied)].

The Examiner also acknowledged that SBA failed to disclose a specific leasing term or offer wherein the lump sum payment is less than the aggregate projected periodic lease payments for each property owner over the term of use, but cited Gross et al. as disclosing this. The Examiner noted that in typical property leasing agreements, terms and conditions such as lump sum payments can be negotiated, and concluded it would be obvious to one of ordinary skill to negotiate this on the basis of a variety of leasing scenarios and choices.

The pending claims are directed to a method for the long-term leasing of a plurality of properties, two or more of which are separately owned and each of which is within an area where a wireless communications facility is needed for a wireless network, wherein each property owner is tendered a defined lease acquisition offer for a term of years with an up-front lump sum payment as consideration. The lump sum payment is undivided or divided into a series of shorter-term payments for less than one-half of the lease term, and the total lease payment is less than the aggregate projected periodic lease payments for each property over the term of use. These features offer significant advantages to the lease tenant.

The rejections should be withdrawn for any one of the following four reasons, each of which demonstrates that the rejections are based on interpretations of SBA requiring hindsight reconstruction to teach or suggest the presently claimed invention. First, SBA does not disclose a method for leasing a parcel of land from a land owner. SBA offers to lease parcels of land to companies after the parcel is leased or purchased from the land owner. SBA is the middle-man eliminated by the presently claimed business method. By including itself as a middle-man SBA teaches against the presently claimed invention and provides no motivation to modify what is disclosed therein to arrive at the inventive method. On this basis alone the presently claimed invention patently defines over SBA.

Second, it is not common knowledge to use front-loaded lump sum payments as consideration for property leases extending for terms of years. MPEP §2144.03 states that, “in limited circumstances, it is appropriate for an examiner to take official notice of facts not in the record or to rely on ‘common knowledge’ in making a rejection, however such rejections should be judiciously applied.” According to the MPEP:

Official notice unsupported by documentary evidence should only be taken by the examiner where the facts asserted to be well-known, or to be common knowledge in the art are capable of instant and unquestionable demonstration as being well-known.

Citing *In re Ahlert*, 424 F.2d 1088, 1091, 165 USPQ 418, 420 (CCPA 1970), the MPEP states that, “the notice of facts beyond the record which may be taken by the examiner must be ‘capable of such instant and unquestionable demonstration as to defy dispute’ [(emphasis supplied)].” It is necessary for the Examiner to provide authority for the statement that up-front lump sum payments for multi-year real property lease periods are conventional. This was only learned by the Examiner from reading Applicant’s disclosure, which represents the impermissible application of hindsight reconstruction. The Examiner cannot resort to Applicant’s own disclosure to fill in the information missing from the cited prior art needed to support a rejection for obviousness.

Third, in the absence of any basis for the “official notice” taken by the Examiner, it is not obvious to negotiate up-front lump sum lease payment terms when leasing properties from landowners in view of prior art teaching a system for sub-leasing acquired properties to cellular communications companies. Without knowing the circumstances under which up-front lump sum payments are considered conventional, one cannot properly assess whether it would be obvious to employ them in the first place. Instead, one must resort to hindsight reconstruction using the present disclosure to supply the missing information needed to conclude that the presently claimed invention is obvious.

Fourth, the Examiner’s statement that, “the ability to be flexible and to customize leasing options/strategies would provide SBA a broader customer base and increase the company’s growth and profitability” presupposes that SBA is actually negotiating leases with property owners on behalf of cellular telecommunications companies with up-front lump sum consideration when there is absolutely no information in the record to support this conclusion.

The method of the present invention reduces cost even further by cutting out SBA as the middle man and having companies directly negotiate discounted up-front lump sum lease payments with property owners. This represents an improvement to the teachings of SBA contributed by Applicant, on the basis of which the rejection in view of SBA alone should be withdrawn.

This improvement is also not taught or suggested by Gross et al. Gross et al. has been cited against the claim 1 limitation reciting that the total rent is less than the aggregate projected periodic lease payments for each property owner over the term of use.

However, Gross et al. discloses a method in which party to a lease may treat it as an operating lease for accounting purposes while the other party treats it as a capital lease for accounting purposes. Specifically, a property owner sells a building and leases the land under it to a tenant. The land is leased for a twenty year term and the lease payment is deferred until the end of the lease. The former building owner then leases the building and sub-leases the land back from the tenant. As long as the net value of the leaseback minus the deferred land

lease payment is less than 90% of what the building was sold for, the former building owner is permitted to treat the building lease as an operating lease rather than a capital lease.

The net lease payments disclosed by Gross et al. are not a lump sum discount from the aggregate projected periodic lease payments for each property over the term of use. Instead they are an allocation between the value of building rent and land rent for accounting purposes to permit one party to a lease to treat it as a capital lease and the other party to treat it as an operating lease. Claim 1 patentably defines over Goss et al. by requiring that the lump sum lease payment be made up-front and be either undivided or divided into a series of shorter-term payments for less than one-half of the lease term. Gross et al. teach against such a payment allocation because it does not accomplish their accounting objectives.

The advantages of front-end lump sum payments to the leasing of cellular communication tower sites over other payment options were previously demonstrated. For large networks the savings over the lease term can approach one billion dollars. This can only be learned by reading the present application.

Because SBA fails to disclose a strategy for negotiating with property owners to acquire property with an up-front lump-sum lease payment, wherein the total rent is less than the aggregate projected periodic lease payments for each property owner over the term of use, and because the net lease payments disclosed by Gross et al. do not represent a lump sum discount from the aggregate projected periodic lease payments, the rejections based on these publications should be withdrawn.

Respectfully submitted,

Dated: December 15, 2007

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